

## DECOUPLING WITH BONUS DEPRECIATION

### Prior Law \_\_\_\_\_

Iowa did not couple with the 50% bonus depreciation provision allowable for federal income tax purposes for assets acquired on or after January 1, 2008, but before September 9, 2010. Iowa did not couple with the 100% bonus depreciation provisions allowable for federal income tax purposes for assets acquired after September 8, 2010, but before January 1, 2012. Iowa did not couple with the 50% bonus depreciation provision allowable for federal income tax purposes for assets acquired during 2012.

### New Provisions \_\_\_\_\_

The American Taxpayer Relief Act of 2012 provided for 50% bonus depreciation for federal income tax purposes for assets acquired in 2013. This 50% bonus depreciation provision for assets acquired in 2013 was **not** adopted for Iowa individual, corporation and franchise tax purposes. The MACRS (modified accelerated cost recovery system) method of depreciation without the bonus depreciation provisions of section 168(k) of the Internal Revenue Code must be used in computing depreciation for Iowa income tax purposes for assets acquired during 2013. Adjustments are also made for Iowa income tax purposes for any gain or loss from the sale of assets where the depreciation deductions are different for Iowa and federal tax purposes.

### Section Amended \_\_\_\_\_

Section 9 of 2013 Iowa Acts Senate File 106 amends section 422.7, subsection 39A, unnumbered paragraph 1, Code 2013. Section 10 amends section 422.35, subsection 19A, unnumbered paragraph 1, Code 2013.

### Effective Date \_\_\_\_\_

Retroactive to January 1, 2013, for tax years ending on or after that date.